

ANNUAL REPORT FOR THE YEAR ENDED APRIL 27, 1960

H. J. HEINZ COMPANY

MAKERS AND MARKETERS OF THE

57

VARIETIES

Annual Report of
H. J. HEINZ COMPANY

for the year ended April 27, 1960



CONTENTS

Directors, Officers and Management Boards.....	3
Summary of Consolidated Financial Results.....	4
Chairman's Report.....	5
Operations Report.....	6
Accountants' Report.....	10
Statements of Consolidated Income.....	11
Consolidated Balance Sheets.....	12
Statements of Consolidated Surplus.....	14
Notes to Financial Statements.....	15
Ten-Year Summary of Income Statements.....	16
Heinz International Locations.....	18
"57 Varieties".....	20

TRANSFER AGENTS

First National City Trust Company, New York, N.Y.
Mellon National Bank and Trust Company, Pittsburgh, Pa.

REGISTRARS

Morgan Guaranty Trust Company of New York, N.Y.
Pittsburgh National Bank, Pittsburgh, Pa.

DIVIDEND DISBURSING AGENT

Mellon National Bank and Trust Company, Pittsburgh, Pa.

ANNUAL MEETING

The annual meeting of the shareholders of the Company will be held at 2 p. m. (E.D.S.T.) on Friday, September 9, 1960, at the Executive Offices of the Company at Heinz and Progress Streets, Pittsburgh. A formal notice of the meeting, together with a proxy statement and form of proxy, will be sent to each shareholder about August 5.

H. J. HEINZ COMPANY

PITTSBURGH, PENNSYLVANIA

BOARD OF DIRECTORS

Henry J. Heinz II, *Chairman**

Junius F. Allen*	Frederick G. Crabb	John A. Mayer
Frank Armour Jr.*	R. Burt Gookin*†	Herbert N. Riley
Frank B. Cliffe†	B. Dent Graham*	Frank T. Sherk*
	Lewis A. Lapham	

*Members of the Executive Committee

OFFICERS

Henry J. Heinz II	<i>Chairman of the Board</i>
Frank Armour Jr.	<i>President</i>
B. Dent Graham	<i>Executive Vice President—United States</i>
Junius F. Allen	<i>Executive Vice President—International</i>
R. Burt Gookin†	<i>Vice President—Finance</i>
Carl A. Brinkman†	<i>Treasurer</i>
Ralph W. Hunter	<i>Secretary</i>

†Members of the Finance Committee

MANAGEMENT BOARDS

UNITED STATES

H. J. HEINZ COMPANY, PITTSBURGH, PENNSYLVANIA

B. Dent Graham	<i>Executive Vice President</i>	Ross E. Jones	<i>Vice President—Distribution</i>
Frank M. Brettholle	<i>Comptroller</i>	C. Lee Rumberger	<i>Vice President—Research and Quality Control</i>
Carl A. Brinkman	<i>Treasurer</i>	John D. Scott	<i>Vice President—Sales</i>
Norman E. Daniels	<i>Vice President—Purchases</i>	P. Kenneth Shoemaker	<i>Vice President—Manufacturing</i>
Charles Heinz	<i>Vice President—Personnel</i>	Robert P. Taylor	<i>General Manager—Marketing</i>

AUSTRALIA

H. J. HEINZ COMPANY, PTY. LTD.
DANDENONG, VICTORIA.

John A. W. Ross	<i>Managing Director</i>
Leonard S. Crowe	<i>Manufacturing</i>
Henry G. Dennett	<i>Finance</i>
W. Norman Owen	<i>Sales and Advertising</i>
W. Wentworth Watt	<i>Comptroller</i>

CANADA

H. J. HEINZ COMPANY OF CANADA, LTD.
LEAMINGTON, ONTARIO

Frank T. Sherk	<i>President</i>
Edward V. Anderson	<i>Vice President—Marketing</i>
Leonard D. Crimp	<i>Vice President—Sales</i>
Morris S. Dixon	<i>Vice President—Manufacturing</i>
John M. Page	<i>Vice President—Finance, and Secretary</i>

THE NETHERLANDS

H. J. HEINZ N.V.
ELST, HOLLAND

Jan Taminiau	<i>Co-Managing Director</i>
P. P. Landsman	<i>Co-Managing Director</i>

GREAT BRITAIN

H. J. HEINZ COMPANY, LTD.
LONDON, ENGLAND

Frederick G. Crabb	<i>Managing Director</i>
Joseph E. Hutchinson	<i>Assistant Managing Director</i>
Arthur A. Morgan	<i>Assistant Managing Director</i>
Anthony Beresford	<i>Manufacturing</i>
John Eccles	<i>Purchasing</i>
A. Gordon Esslemont	<i>Secretary</i>
Bert A. Harris	<i>Engineering and Construction</i>

VENEZUELA

ALIMENTOS HEINZ C. A.
CARACAS, VENEZUELA

Gerald K. Warner	<i>President</i>
Ernesto Blohm	<i>Director</i>
Lewis V. Leggate	<i>Secretary-Treasurer</i>
Leslie C. Marshall	<i>Manufacturing</i>
Anthony Rojas	<i>Sales</i>

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

	FISCAL YEAR ENDED		
	April 27, 1960	April 29, 1959	April 30, 1958
	52 Weeks	52 Weeks	52 Weeks
Net Sales.....	\$340,223,700	\$316,856,669	\$293,811,817
Net Income for the Year.....	\$ 12,231,374	\$ 11,095,742	\$ 9,336,913
Net Income as a Percentage of Net Sales.....	3.6%	3.5%	3.2%
Net Income per Share of Common Stock.....	\$ 7.08	\$ 6.41	\$ 5.36
Dividends Paid on Preferred Stock.....	\$ 270,265	\$ 274,338	\$ 282,413
Dividends Paid on Common Stock.....	\$ 3,715,573	\$ 3,715,573	\$ 3,715,573
Dividends Paid per Share of Common Stock.....	\$ 2.20	\$ 2.20	\$ 2.20
Net Income Retained in Business.....	\$ 8,245,536	\$ 7,105,831	\$ 5,338,927
Net Income Retained per Share of Common Stock.....	\$ 4.88	\$ 4.21	\$ 3.16
Total Taxes Charged to Income.....	\$ 17,262,774	\$ 14,008,063	\$ 11,476,528
Total Taxes per Share of Common Stock.....	\$ 10.22	\$ 8.29	\$ 6.80
New Capital Obtained.....	\$ 12,810,000	\$ 16,534,648	\$ —

CHAIRMAN'S REPORT

DURING our ninety-first year of operations, sales and profits both established new records. The intensified development of the Company during the last few years continues to gather momentum, and as the months go by, we confidently expect a further compounded reward for our efforts.

Our sales were again the largest in our history. The consolidated net total was \$340,223,700. This is an increase over last year of \$23,367,031, or 7 per cent.

Our income, too, surpassed last year's, reaching another record height. The consolidated net after taxes was \$12,231,374, which was 10 per cent larger than in the period before. After allowing for dividends on the preferred stock, our income was equal to \$7.08 a share of common stock, an increase of \$.67 over the \$6.41 of last year.

The fiscal year was the forty-ninth in succession in which dividends have been paid on our common stock, the rate of \$2.20 per share being maintained from the preceding year. On the preferred shares, dividends continued to be paid regularly at the annual rate of \$3.65 a share.

Our operations in the United States made very satisfactory progress. We have every reason to believe this should continue, even in the face of today's ceaseless competition.

This progress is reflected by the sharp upward movement in profits as a percentage of sales from our operations in the United States. We find it gratifying and encouraging that our management and marketing efforts show these tangible results. Also contributing to our progress is the performance of the scientists and staff of the Heinz International Research Center, which opened in Pittsburgh late in 1958.

Currently architects are developing plans for a second major research center and new administration headquarters to be located at Hayes Park in Middlesex, England. This will not only benefit the Heinz British Company but, like the research headquarters in Pittsburgh, will benefit Heinz around the world. Sales for the fiscal year in the United Kingdom reached a record

level and our net profits from operations also established a new high.

In Canada, similarly, sales were the best in our history. We maintained or improved our market position in our major products and we fully expect that our progress will continue. In anticipation of future expansion, plans are being made for the erection of additional facilities at our Leamington, Ontario, factory. This is the first step in a planned program in which we have projected the development of our facilities during the next twenty-five years.

Australia enjoyed far and away the best year in its quarter-century of growth. The Australian economy has been expanding rapidly; our company's growth has been at a faster rate than the rest of the processed-food industry's, and we have been successful in achieving a satisfactory lessening of production costs.

In Holland we have progressed from an initial successful marketing of Sandwich Spread under the Heinz label to the marketing of our own ketchup, soups and strained and junior foods. In Venezuela we expect to open our new factory early in 1961. Plans for operations in other parts of Latin America are under study.

Frank B. Cliffe, Vice President, Chief Financial Officer and Secretary, withdrew from day-to-day operations last September under the Company's retirement plan; he remains as a valued Director. At the annual stockholders' meeting, R. Burt Gookin, Comptroller, was elected a Director. He was made Vice President—Finance, a newly created position, and a member of the Executive Committee. Ralph W. Hunter, who was Assistant Secretary, was made Secretary of the Company.

All of us at our International headquarters, as well as in each of our companies throughout the world, view the coming years with undivided confidence. In short, we have a feeling that Heinz is going somewhere.

A handwritten signature in dark ink, appearing to read "Henry J. Heinz". The signature is stylized with a large, looped "H" and a long, sweeping underline that extends to the right.

OPERATIONS REPORT

United States

Sales by the Company in the United States again broke all records.

Prospects for the coming year, despite the increasing complexities of the food industry, are good.

There has been no letup in the tempo of competition. Products that are similar to ours and are direct competitors have increased in number; and, more important, as time goes on, alternative food products for which the housewife may elect to spend her dollar are becoming more numerous.

In this situation our operating officers have followed three courses of action. The first is a continuing emphasis on the control of costs. The second is a continuing emphasis on product and process research. The third is an adaptation of our sales and marketing efforts to meet the requirements of the constantly changing market.

The grocery merchandising practices followed by our retailer customers lend themselves to spectacular multi-variety sales that are particularly suited to our product line. We have conducted a larger number of major sales of this kind than ever before, and they have been more successful than ever before.

A continued specialization of our baby-food sales organization further strengthened our operations in general at the store and consumer level, and our baby food sales in particular.

Once again we increased our share of the market in baby foods. We introduced ten new baby food products during the year, seven of which are "firsts" for the industry: Strained High-Meat Chicken Dinner with Rice; Strained Chicken a la King; Strained Tutti Fruitti Dessert; Strained Spaghetti, Tomato Sauce and Meat; Junior High-Meat Chicken Dinner with Rice; Junior Chicken a la King; and Junior Tutti Fruitti Dessert.

The convenient screw cap on baby-food jars that our Company pioneered in introducing, and that has been so enthusiastically received by mothers everywhere, has contributed to our sales growth.

Sales of our pre-cooked cereals, which are especially good for infants, have been stimulated by the significant improvement of our recipes and the redesigning of our packages to attract the attention of young mothers.

The emphasis and selective attention we have given baby foods is, we believe, merited by the future of the market. During the Sixties the "war babies" of World War II will have children of their own, and the baby population is expected to rise sharply, resulting in expanded opportunity for marketing baby foods.

Our standing with mothers, pediatricians, nursery dieticians, physicians, and others interested in the science of nutrition generally was further enhanced with the publication last fall of "The Heinz Handbook of Nutrition." This is the first complete compilation of what is known today in the relatively new science of nutrition. It was written under the direction of the Heinz research staff in collaboration with leading authorities in the field of nutrition. This 439 page handbook was published by McGraw-Hill, and is available in bookstores.

Heinz Ketchup—the highest priced, yet the largest selling ketchup in the United States, and in fact in the world—again increased its share of the market. It is apparent that consumers generally appreciate our consistent efforts to guard and maintain the quality and flavor and the reputation of Heinz Ketchup.

Additional new products introduced during the year included Condensed Tomato Rice Soup; Condensed Cheese Soup; and Condensed Alphabet with Vegetable Soup. Our line of Spaghetti products has been augmented with the addition of Spaghetti Sauce with Meat; Spaghetti Sauce with Mushrooms; Spaghetti and Hot Dogs in Tomato Sauce; and Spaghetti with Meat Sauce. Beans and Franks, and Noodles with Beef were also marketed.

We added two new sauces—Mustard Sauce and Barbecue Sauce—to the growing line of Heinz sauces. We now have the most complete line of meat and fish sauces available in the market.

Additional experience has been gained in packing and marketing individual portion pouches of Mustard and Ketchup. The market for products in individual serving sizes—usually in some kind of flexible container—has been rapidly finding acceptance with restaurant patrons.

Consolidation of sales accounting operations into four locations in the United States was begun during

the year and is expected to be completed soon. Part of this consolidation consists of the complete mechanization of customer billing and branch accounting functions, developing in the process paper tapes suitable for direct use with electronic data processing equipment. The Company is augmenting its present data processing equipment with the installation of an electronic computer.

During the year, utilizing the latest electronic equipment, a highly detailed operations-research study of our distribution methods was completed—the first comprehensive scientific analysis of national distribution for a multiple-product, multiple-factory food producer. In accord with this study, and as a sequel to the change in our system of supplying wholesalers and chain stores, we have eliminated 29 branch warehouses during the last five years.

With active participation by our Company, technologists at Michigan State University made further progress in the development of a mechanical harvesting machine for tomatoes. We have high hopes that this potentially important machine will soon be operable.

Research work on crops was continued. We have made advances in the development of tomato varieties that are resistant to cracking and that produce improved yields on the farm and in the factory. We are now producing three test crops a year to accelerate our research. These are: the regular field crop in the North during the summer season, a greenhouse crop during the Fall, and a crop in Florida during the Winter. Experiments continue in breeding for greater disease-resistant characteristics in tomatoes and cucumbers.

Our technology for transporting food ingredients in bulk gained significantly during the year. Three 19,000 gallon especially designed steel railroad tank-cars were added to our fleet for more economic transportation of concentrated tomato paste, fruits and vinegars.

In April, Paul M. Duff, who has been a member of the legal staff since 1923 and its head since 1953, was named General Counsel of the Company.

Frank M. Brettholle was appointed Comptroller—United States Operations. He had previously been manager of the Profit Planning Department.

Good relations with its employees has been traditional with Heinz since the Company's founding; a cooperative, friendly atmosphere has always existed

throughout the Company. Within the framework of fairness and firmness, we have made every effort to maintain good relations with our employees and their elected representatives; and within precisely this framework, there arise occasions when it is necessary to stand firm against actions which, in the long run, will prove injurious to the Company as well as to its employees.

Such a situation arose in the Pittsburgh factory in April. It resulted in a twenty-day strike, the first since the factory was unionized in 1937. The strike was called over issues that still—now that the strike has been settled—remain ill-defined. The strike adversely affected production and deliveries from Pittsburgh in the last weeks of the fiscal year. Full production was resumed immediately after the strike, and post-strike employee relations are good.

Last year we reported a suit that the Company had brought against a competitor for violation of the anti-trust laws. That suit was settled by a substantial payment to us and the dismissal of the defendant's counter-suit.

Two suits were still pending at the close of the fiscal year. In one, several stockholders of a now defunct corporation brought suit against the former president of that company, his lawyer and H. J. Heinz Company, seeking an accounting of an amount which the Company paid for certain patents. It is our position that we have no liability. Also, the Company is plaintiff in a suit against a manufacturer of equipment which proved defective. Although the manufacturer has filed a counter-suit because of our cancellation of the contract, we expect a substantial recovery for our loss. Neither of these suits are reflected in the balance sheet.

Great Britain

Sales and net profits from operations of our British company again reached record levels.

Our new factory at Kitt Green is operating at near-capacity, thus enabling us to reduce production at our over-crowded factory at Harlesden and to permit extensive modernization there.

To finance our expanding operations and provide more working capital, we issued 2,000,000 shares of £1 par value 5½ per cent debenture stock, 1966-85. The issue price of the shares was 98½ per cent, and

the net proceeds were £1,950,000. The final installment of the money from the issue was received in May.

The company has purchased 65 acres of park and woodland at Hayes Park, in Middlesex, where we will establish the Heinz Research Center and Administrative Office. The research facilities of the new Center will be of importance in the development of future varieties and in the improvement of existing recipes and manufacturing processes; the new administrative offices will provide much needed headquarter facilities.

During the year, for the first time, the company manufactured and test marketed dehydrated packet soups. Spaghetti Bolognese was sold nationally for the first time in March. In addition we introduced six new baby foods and four new condensed soups. All of these varieties have had good consumer acceptance.

William B. Cormack resigned from the Board of Directors in March, ending 40 years of service with the British company. Mr. Cormack was Managing Director from 1946 to 1957. He takes with him into retirement the good wishes of Heinz people all around the world.

In recent months the Government has increased the bank rate and the rate of income tax, and has introduced more stringent installment-buying controls, all aimed at minimizing monetary inflation. Notwithstanding these restrictive measures, the economic climate in which our British company is operating is strong and buoyant, and we believe that good progress will continue.

Canada

Sales of the Canadian company reached an all-time high, and net income was about equal to that of the previous year.

An aggressive marketing program assisted the company in maintaining and improving its strong market position, even while having to cope with increased price competition and give-away deals.

Twenty-seven new varieties were introduced during the year. Of them, twenty-four were baby foods; and the company now has a selection of 178 varieties of baby foods to offer Canadian mothers, the most complete line of any company in the world. For the convenience of the increasing number of large families, we

began marketing condensed soups in a family-size twenty-ounce can.

The Canadian company has entered the frozen food field. Fruit pies, individual meat and poultry pies, and casseroles are being test-marketed in southwestern Ontario.

A study has been made to determine specifically our future requirements for manufacturing and associated facilities so as to meet the needs of the company's growth in Canada. The first unit of this planned building program is now in the design stage.

John M. Page was appointed Vice President—Finance in February. He had previously also been Comptroller. He continues as Secretary of the Canadian company.

Australia

Our Australian company has greatly increased its rate of growth.

An increasing share of the grocery business in Australia has become concentrated in chain stores and voluntary groups, and competition in pricing and marketing has become more intense.

Reductions in production costs have enabled the Australian company to reduce prices of beans, soups and spaghetti. The line of condensed soups has been increased by the addition of Oyster Soup and Minestrone.

The past tomato season was excellent: crop protection programs combined with fine weather conditions resulted in a record yield of tomatoes per acre.

Baby food sales remain buoyant and consumer acceptance of our line continued to grow. Seventeen new baby food varieties were introduced.

Australian economic trends are good, employment is at a very high level, industrial activities are intense and conditions favor the continued growth of our company in that market.

The Netherlands

During the year, further progress was made in establishing Heinz products in the Dutch and Belgian markets. Our first Dutch-produced variety with the Heinz label, two sizes of Sandwich Spread, was followed by

two sizes of Heinz Tomato Ketchup, six varieties of soups, and eight strained and four junior foods.

The early experience of the Dutch operation is encouraging. A marked reduction in production costs should be forthcoming as the company overcomes the expenses associated with the start of production and marketing of new products.

Venezuela

In November 1959, Alimentos Heinz C.A. (the Spanish equivalent of "Heinz Foods, Inc."), was

founded in Venezuela. A factory is under construction on a 50-acre site near the town of San Joaquin in the fertile Lake Valencia Valley. Production is to begin early in 1961.

We are developing an administrative organization. Experienced personnel from the United States, Canada, and England have been transferred to Venezuela. Venezuelan personnel are being employed and trained.

H. J. Heinz Company S.A., of Venezuela, which was organized in 1958, continues to market vinegar manufactured for us in Venezuela, as well as Heinz products imported from the United States and England.

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

HENRY W. OLIVER BUILDING

PITTSBURGH 22, PA.

ACCOUNTANTS' REPORT

To the Stockholders

H. J. Heinz Company:

We have examined the consolidated balance sheet of H. J. Heinz Company and subsidiaries as of April 27, 1960 and the related statements of income and surplus for the fiscal year then ended. Our examination, which included the Company and its subsidiaries located in the Western Hemisphere but did not include the subsidiaries (which are of major importance) located in the Eastern Hemisphere, was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. As regards the subsidiaries located in the Eastern Hemisphere, the accounts of which are incorporated in the accompanying consolidated financial statements, as indicated in Note 1, we have been furnished the reports of other independent accountants.

In our opinion, based on our examination and on the reports of other independent accountants, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of H. J. Heinz Company and subsidiaries at April 27, 1960 and the results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell + Co.

Pittsburgh, Pa.

June 9, 1960

H. J. HEINZ COMPANY

AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED INCOME

	Fiscal year ended	
	April 27, 1960	April 29, 1959
NET SALES.....	\$340,223,700	\$316,856,669
COST OF SALES.....	223,071,491	209,296,050
GROSS PROFIT.....	117,152,209	107,560,619
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (including management profit sharing plan, \$2,103,398 in 1960; \$1,858,396 in 1959).....	89,159,165	83,632,375
OPERATING PROFIT (after provision for depreciation of \$5,810,097 in 1960; \$4,608,328 in 1959).....	27,993,044	23,928,244
OTHER INCOME, NET.....	895,156	422,606
	28,888,200	24,350,850
OTHER DEDUCTIONS—interest and amortization of debt discount and expense.....	2,683,362	2,298,443
	26,204,838	22,052,407
PROVISION FOR TAXES ON INCOME:		
Federal normal and surtax.....	5,171,285	3,091,167
Foreign income taxes.....	8,038,255	7,048,804
	13,209,540	10,139,971
	12,995,298	11,912,436
DEDUCT Income applicable to minority interests.....	763,924	816,694
NET INCOME for the year.....	\$ 12,231,374	\$ 11,095,742

(See accompanying notes to financial statements.)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	<u>April 27, 1960</u>	<u>April 29, 1959</u>
CURRENT ASSETS:		
Cash and short-term notes	\$ 17,774,756	\$ 6,205,294
Accounts receivable:		
Trade, less allowance for doubtful accounts	18,316,632	16,601,806
Sundry	1,204,798	848,819
Inventories—at average cost or replacement market, whichever lower:		
Finished goods	70,010,810	64,780,313
Work in process	6,409,426	7,032,392
Ingredients and packaging materials	32,660,802	33,181,363
	<u>109,081,038</u>	<u>104,994,068</u>
Prepaid insurance, supplies, taxes and sundry	3,852,408	3,661,707
Total current assets	<u>150,229,632</u>	<u>132,311,694</u>
OTHER ASSETS—Miscellaneous	<u>790,436</u>	<u>766,686</u>
FIXED ASSETS:		
Land—at cost	3,802,670	3,576,353
Buildings and leasehold improvements—at cost, less accumulated depreciation of \$14,948,785 in 1960; \$13,641,881 in 1959	51,006,217	51,028,756
Equipment and fixtures—at cost, less accumulated depreciation of \$36,393,479 in 1960; \$32,905,038 in 1959	50,124,925	48,980,215
Lug boxes, baskets and pallets—at cost, less amortization	<u>1,203,760</u>	<u>1,044,168</u>
	<u>106,137,572</u>	<u>104,629,492</u>
	<u>\$257,157,640</u>	<u>\$237,707,872</u>

(See accompanying notes to financial statements.)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES, CAPITAL STOCK AND SURPLUS

	<u>April 27, 1960</u>	<u>April 29, 1959</u>
CURRENT LIABILITIES:		
Notes payable and loans on open credit (including portion of long-term debt due within one year)	\$ 10,393,072	\$ 12,303,324
Accounts payable and accrued expenses	24,501,109	24,316,177
Estimated liability for Federal and foreign taxes on income	9,807,527	9,746,892
Total current liabilities	<u>44,701,708</u>	<u>46,366,393</u>
 LONG-TERM DEBT AND OTHER LIABILITIES:		
Long-term notes (Note 2)	47,391,661	35,987,102
Liabilities under management profit sharing plan, less portion payable within one year	8,894,281	7,731,920
Other non-current liabilities	6,055,785	6,074,781
	<u>62,341,727</u>	<u>49,793,803</u>
 MINORITY INTERESTS	<u>12,049,337</u>	<u>11,522,930</u>
 CAPITAL STOCK AND SURPLUS:		
Cumulative preferred stock—authorized 172,615 shares—par value \$100 per share—issuable in series:		
3.65% series—authorized, issued and outstanding 72,615 shares in 1960; 75,160 shares in 1959 (Note 3)	7,261,500	7,516,000
Common stock—authorized 2,000,000 shares—par value \$25 per share—issued and outstanding 1,688,897 shares	42,222,425	42,222,425
Capital surplus	6,470,048	6,420,962
Earned surplus:		
Reserved for future inventory price decline, possible loss in foreign assets and other contingencies	5,000,000	5,000,000
Unappropriated (Notes 1 and 2)	77,110,895	68,865,359
	<u>138,064,868</u>	<u>130,024,746</u>
	<u>\$257,157,640</u>	<u>\$237,707,872</u>

(See accompanying notes to financial statements.)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED SURPLUS

CAPITAL SURPLUS	Fiscal year ended	
	April 27, 1960	April 29, 1959
AMOUNT AT BEGINNING OF YEAR.....	\$ 6,420,962	\$ 6,420,962
EXCESS OF PAR VALUE over cost of preferred stock retired.....	49,086	—
AMOUNT AT END OF YEAR.....	<u>6,470,048</u>	<u>6,420,962</u>
UNAPPROPRIATED EARNED SURPLUS		
AMOUNT AT BEGINNING OF YEAR.....	68,865,359	61,759,528
ADD NET INCOME FOR THE YEAR.....	<u>12,231,374</u>	<u>11,095,742</u>
	<u>81,096,733</u>	<u>72,855,270</u>
DEDUCT DIVIDENDS PAID:		
On preferred stock—3.65% series.....	270,265	274,338
On common stock—\$2.20 per share.....	<u>3,715,573</u>	<u>3,715,573</u>
	<u>3,985,838</u>	<u>3,989,911</u>
AMOUNT AT END OF YEAR.....	<u>\$ 77,110,895</u>	<u>\$ 68,865,359</u>

(See accompanying notes to financial statements.)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(1) Principles of consolidation:

The consolidated financial statements include the Company and all subsidiary companies. Consolidated net assets were located as follows:

	April 27, 1960	April 29, 1959
Western Hemisphere:		
United States.....	\$ 72,404,145	\$ 71,763,364
Other.....	19,635,483	16,393,612
	<u>\$ 92,039,628</u>	<u>\$ 88,156,976</u>
Eastern Hemisphere:		
British Commonwealth.....	\$ 45,068,166	\$ 41,086,851
Other.....	957,074	780,919
	<u>46,025,240</u>	<u>41,867,770</u>
	<u>\$138,064,868</u>	<u>\$130,024,746</u>

All assets, except fixed assets, and all liabilities of the foreign subsidiaries have been converted at rates of exchange prevailing at the end of the fiscal year; fixed assets have been stated at their approximate United States dollar equivalent at the time of acquisition. The realization in U. S. dollars of assets located in the Eastern Hemisphere is limited by currency and other restrictions.

Of the net income for the year, \$8,112,657 originated from foreign subsidiaries consolidated.

Operating accounts (other than depreciation which was based upon the approximate equivalent dollar cost of fixed assets) were converted at average rates of exchange prevailing during the fiscal year. The income of the Company from dividends from foreign subsidiaries during the year amounted to \$2,951,558.

(2) Long-term notes:

Details of long-term notes at April 27, 1960 are as follows:

	Interest per cent	Maturity (fiscal year)	Portion Due	
			Non-current	Current
Company:				
Promissory notes.....	2.90	1961-69	\$ 9,750,000	\$ 930,000
Serial notes.....	3½	1961-62	200,000	200,000
Promissory notes.....	4⅞	1965-84	20,000,000	—
Subsidiaries:				
Promissory notes (Australia).....	4¼	1961-76	8,201,211	171,167
Debentures (British Isles).....	6	1965-84	5,640,000	—
Debentures (British Isles).....	5½	1966-85	2,810,000	—
Installment note (Holland).....	2	1961-68	790,450	127,440
			<u>\$47,391,661</u>	<u>\$ 1,428,607</u>

Under note agreements, dated April 1, 1959, providing for the issue of \$20,000,000 of 4⅞% 25-year notes due April 1, 1984, fixed annual prepayments of principal of \$1,000,000 are required to be made commencing April 1, 1965. Additional prepayments may be made at the option of the Company at specified premium rates or, under spec-

ified conditions, at no premium. In addition to restrictions relating to additional indebtedness, mortgages and liens, purchase and redemption of capital stock and other restrictions, the note agreements contain provisions against the payment of dividends by the Company upon its common stock (otherwise than in its own capital stock) if such dividends, together with purchases, payments to the sinking fund and dividends in respect of presently authorized cumulative preferred stock and amounts expended by the Company or any subsidiary for purchase or other acquisitions of any class of the Company's stock, since October 29, 1958 would exceed consolidated net income after October 29, 1958 plus the sum of \$7,500,000 and, further, if the sum of consolidated funded debt and consolidated discounted lease rentals would exceed fifty per cent of consolidated capital and surplus after giving effect to such dividend payments. The portion of consolidated earned surplus at April 27, 1960 which was not thereby restricted was \$19,082,927.

The 2.90% notes, dated February 24, 1949, also contain various restrictions which are more than covered by the provisions of the 4⅞% 25-year notes.

The 6% debentures, issued by the subsidiary located in the British Isles, contain provisions requiring annual sinking fund payments, commencing January 31, 1965, approximating \$76,700 plus interest for one year. Prepayment of the entire indebtedness, or a portion thereof, may be made on January 31, 1975 with a 3½% premium and at decreasing premium rates thereafter.

The 5½% debentures, issued by the subsidiary located in the British Isles, contain provisions requiring annual sinking fund payments, commencing January 31, 1966, approximating \$80,600 plus interest for one year. Prepayment of the entire indebtedness, or a portion thereof, may be made on January 31, 1976 with a 3½% premium and at decreasing premium rates thereafter.

(3) Cumulative preferred stock:

The 3.65% series cumulative preferred stock is, until October 1, 1960, callable at \$104.75 per share or redeemable through the sinking fund at a maximum of \$103.75 per share and at decreasing prices thereafter. A payment, not exceeding \$200,000, is required to be made to the sinking fund on or before October 1 of each year.

(4) Retirement systems:

The amount charged to income by the Company and its consolidated subsidiaries for the year aggregated \$1,444,902 with respect to past service and current service costs. Unfunded past service costs at April 27, 1960 amounted to approximately \$2,185,000.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF INCOME STATEMENTS

	FISCAL YEARS ENDED		
	April 27, 1960	April 29, 1959	April 30, 1958
Net sales	\$340,223,700	\$316,856,669	\$293,811,817
Cost of sales	<u>223,071,491</u>	<u>209,296,050</u>	<u>197,989,165</u>
Gross profit	117,152,209	107,560,619	95,822,652
Selling, general and administrative expenses (including management profit sharing plan)	<u>89,159,165</u> <u>27,993,044</u>	<u>83,632,375</u> <u>23,928,244</u>	<u>75,757,981</u> <u>20,064,671</u>
Other income—including foreign exchange adjustments	<u>895,156</u> <u>28,888,200</u>	<u>422,606</u> <u>24,350,850</u>	<u>510,279</u> <u>20,574,950</u>
Other deductions—including interest expense	<u>2,683,362</u> <u>26,204,838</u>	<u>2,298,443</u> <u>22,052,407</u>	<u>2,113,533</u> <u>18,461,417</u>
Provision for taxes on income	<u>13,209,540</u> <u>12,995,298</u>	<u>10,139,971</u> <u>11,912,436</u>	<u>8,345,756</u> <u>10,115,661</u>
Deduct Income applicable to minority interests	<u>763,924</u>	<u>816,694</u>	<u>778,748</u>
Net income for the year	<u>\$ 12,231,374</u>	<u>\$ 11,095,742</u>	<u>\$ 9,336,913</u>
Balance of net income per share of common stock—after preferred dividends	\$7.08	\$6.41	\$5.36
Cash dividends per share of common stock	2.20	2.20	2.20

(A) Per share figures have been adjusted for 1951 to give effect to the 20% stock distribution in October, 1951.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF INCOME STATEMENTS

FISCAL YEARS ENDED						
<u>May 1, 1957</u>	<u>May 2, 1956</u>	<u>April 27, 1955</u>	<u>April 28, 1954</u>	<u>April 29, 1953</u>	<u>April 30, 1952</u>	<u>May 2, 1951</u>
\$278,852,384	\$262,425,046	\$234,179,207	\$220,632,934	\$219,573,998	\$205,991,208	\$189,098,235
<u>181,927,571</u>	<u>170,487,408</u>	<u>151,890,465</u>	<u>149,499,095</u>	<u>147,268,476</u>	<u>139,916,553</u>	<u>124,567,518</u>
96,924,813	91,937,638	82,288,742	71,133,839	72,305,522	66,074,655	64,530,717
<u>74,793,849</u>	<u>70,121,011</u>	<u>62,740,130</u>	<u>57,374,877</u>	<u>58,167,806</u>	<u>55,004,941</u>	<u>48,748,889</u>
22,130,964	21,816,627	19,548,612	13,758,962	14,137,716	11,069,714	15,781,828
<u>829,071</u>	<u>1,266,859</u>	<u>475,452</u>	<u>124,452</u>	<u>310,310</u>	<u>859,195</u>	<u>1,026,856</u>
22,960,035	23,083,486	20,024,064	13,883,414	14,448,026	11,928,909	16,808,684
<u>1,256,512</u>	<u>916,607</u>	<u>1,490,028</u>	<u>1,328,699</u>	<u>1,234,948</u>	<u>931,177</u>	<u>1,053,922</u>
21,703,523	22,166,879	18,534,036	12,554,715	13,213,078	10,997,732	15,754,762
<u>10,356,591</u>	<u>10,907,900</u>	<u>9,147,265</u>	<u>6,657,155</u>	<u>7,374,583</u>	<u>5,010,950</u>	<u>8,197,525</u>
11,346,932	11,258,979	9,386,771	5,897,560	5,838,495	5,986,782	7,557,237
<u>720,680</u>	<u>675,035</u>	<u>604,447</u>	<u>311,884</u>	<u>291,983</u>	<u>174,423</u>	<u>134,702</u>
<u>\$ 10,626,252</u>	<u>\$ 10,583,944</u>	<u>\$ 8,782,324</u>	<u>\$ 5,585,676</u>	<u>\$ 5,546,512</u>	<u>\$ 5,812,359</u>	<u>\$ 7,422,535</u>
 \$6.12	 \$6.09	 \$5.02	 \$3.12	 \$3.09	 \$3.25	 \$4.19(A)
 2.00	 1.80	 1.80	 1.80	 1.80	 1.80	 1.50(A)

HEINZ INTERNATIONAL LOCATIONS

UNITED STATES

EXECUTIVE OFFICES: *Pittsburgh, Pennsylvania*

SALES OFFICES

Albany, N.Y.	*Detroit, Mich.	Louisville, Ky.	Portland, Ore.
Atlanta, Ga.	Fort Wayne, Ind.	Memphis, Tenn.	Rock Island, Ill.
Baltimore, Md.	Grand Rapids, Mich.	Miami, Fla.	Salt Lake City, Utah
Birmingham, Ala.	Greensboro, N.C.	Milwaukee, Wis.	San Antonio, Texas
*Boston, Mass.	Hartford, Conn.	Newark, N.J.	Scranton, Pa.
Buffalo, N.Y.	Houston, Texas	New Orleans, La.	Seattle, Wash.
*Chicago, Ill.	Huntington, W.Va.	*New York, N.Y.	Spokane, Wash.
Cincinnati, Ohio	Indianapolis, Ind.	*Oakland, Calif.	*St. Louis, Mo.
Cleveland, Ohio	*Jacksonville, Fla.	Oklahoma City, Okla.	*St. Paul, Minn.
Columbus, Ohio	Johnstown, Pa.	Omaha, Neb.	Syracuse, N.Y.
*Dallas, Texas	Kansas City, Mo.	*Philadelphia, Pa.	Youngstown, Ohio
Denver, Colo.	Knoxville, Tenn.	*Pittsburgh, Pa.	
Des Moines, Iowa	*Los Angeles, Calif.	Portland, Me.	*Regional Sales Headquarters

FACTORIES

Bowling Green, Ohio	Holland, Mich.	Pittsburgh, Pa.	Watsonville, Calif.
Chambersburg, Pa.	Medina, N.Y.	Salem, N.J.	Winchester, Va.
Fremont, Ohio	Muscatine, Iowa	Tracy, Calif.	

AGRICULTURAL DISTRICT HEADQUARTERS

Big Rapids, Mich.	Greeley, Colo.	Isleton, Calif.	Saginaw, Mich.
	Holland, Mich.	Plymouth, Ind.	

CANADA

H. J. HEINZ COMPANY OF CANADA, LTD.

HEAD OFFICE: *Leamington, Ontario*

SALES BRANCHES

Calgary, Alta.
Edmonton, Alta.
*Halifax, N.S.
Hamilton, Ont.

*Montreal, Que.
Ottawa, Ont.
Quebec, Que.

Regina, Sask.
St. John, N.B.
Sudbury, Ont.

*Toronto, Ont.
*Vancouver, B.C.
Windsor, Ont.
Winnipeg, Man.

**Regional Sales Headquarters*

FACTORY: Leamington, Ontario

AGRICULTURAL STATION: Teeswater, Ontario

GREAT BRITAIN

H. J. HEINZ COMPANY, LTD.

HEAD OFFICE: *London*

SALES BRANCHES

Belfast
Birmingham
Bradford
Bristol

Cardiff
Chester
Dundee

*Edinburgh
Glasgow
Hull

Ipswich
Leeds
Liverpool

*London
*Manchester
Newcastle

Nottingham
Plymouth
Preston

Rochester
Sheffield
Southampton

**Regional Sales Headquarters*

FACTORIES: London; Standish; Kitt Green

AUSTRALIA

H. J. HEINZ COMPANY, PTY. LTD.

HEAD OFFICE: *Dandenong, Victoria*

SALES BRANCHES

Adelaide, South Australia

Brisbane, Queensland

Dandenong, Victoria

Perth, Western Australia

Sydney, New South Wales

FACTORY: Dandenong, Victoria

THE NETHERLANDS

H. J. HEINZ N.V.

HEAD OFFICE AND FACTORY—*Elst (Gelderland), Holland*

BELGIUM

H. J. HEINZ COMPANY (BELGIUM) S.A./N.V.

Brussels, Belgium

VENEZUELA

ALIMENTOS HEINZ C.A.
H. J. HEINZ COMPANY S.A.
Caracas, Venezuela

"57 VARIETIES"

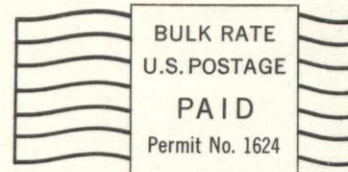
Heinz Pork & Beans in Tomato Sauce
 Heinz Boston Style Beans with Pork
 and Molasses Sauce
 Heinz Vegetarian Beans in Tomato Sauce
 Heinz Campside Beans
 Heinz Chili Con Carne with Beans
 Heinz Condensed Split Pea Soup
 Heinz Condensed Cream of Pea Soup
 Heinz Condensed Cream of Mushroom Soup
 Heinz Condensed Tomato Soup
 Heinz Condensed Cream of Celery Soup
 Heinz Condensed Beef Noodle Soup
 Heinz Condensed Bean Soup
 Heinz Condensed Gumbo Creole Soup
 Heinz Condensed Chicken Gumbo Soup
 Heinz Condensed Chicken Soup with Rice
 Heinz Condensed Chicken Noodle Soup
 Heinz Condensed Chicken Vegetable Soup
 Heinz Condensed Cream of Chicken Soup
 Heinz Chili Soup
 Heinz Clam Chowder Soup
 Heinz Condensed Minestrone Soup
 Heinz Condensed Beef Soup
 Heinz Condensed Vegetable Beef Soup
 Heinz Condensed Vegetable Soup
 Heinz Condensed Vegetarian Vegetable Soup
 Heinz Condensed Turkey Noodle Soup
 Heinz Minute Meals—Chicken Noodle Dinner,
 Macaroni Creole, Spanish Rice, Beef Stew,
 Chicken Stew w/Dumplings, Beans & Franks,
 Spaghetti w/Meat Sauce, Noodles w/Beef, Spa-
 ghetti and Hot Dogs

Heinz Spaghetti, Tomato Sauce
 and Cheese
 Heinz Macaroni with Cheese Sauce
 Heinz Ready-to-Serve Soups
 Heinz Pickles—Sweet and Sour
 Heinz Genuine Dill Pickles
 Heinz Processed Dill Pickles
 Heinz Kosher Dill Pickles
 Heinz Fresh Cucumber Pickles
 Heinz India Relish
 Heinz Hot Dog Relish
 Heinz Hamburger Relish
 Heinz Pickled Onions—Sweet & Sour
 Heinz Instant Cereals for Babies
 Heinz Baby Fruit Juices
 Heinz Strained Egg Yolks
 Heinz Strained Baby Foods
 Heinz Strained Meats
 Heinz Strained High Meat Dinners
 Heinz Junior Baby Foods
 Heinz Junior Meats
 Heinz Junior High Meat Dinners
 Heinz Prepared Yellow Mustard
 Heinz Prepared Brown Mustard
 Heinz Tomato Juice—Regular
 and Concentrated
 Heinz Tomato Ketchup
 Heinz Hot Ketchup
 Heinz Chili Sauce
 Heinz Sauces—Savory, Barbecue,
 Worcestershire, "57", Mustard
 Heinz Dehydrated Horse Radish
 Heinz Vinegars—Cider, White, Malt,
 Tarragon, Salad, Wine

H. J. HEINZ COMPANY

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